

The Honorable

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE**

TIMOTHY SLYNE and TAI SLYNE,

*Plaintiffs,*

vs.

ATHIRA PHARMA, INC.; LEEN KAWAS,  
Ph.D.; GLENNA MILESON; TADATAKA  
YAMADA, M.D.; JOSEPH EDELMAN;  
JOHN M. FLUKE, JR.; JAMES A.  
JOHNSON; GOLDMAN SACHS & CO.  
LLC; JEFFERIES LLC; STIFEL, NICOLAUS  
& COMPANY, INCORPORATED; and JMP  
SECURITIES LLC,

*Defendants.*

Case No.

**COMPLAINT—CLASS ACTION**

FOR VIOLATION OF SECTIONS 11 and  
15 OF THE SECURITIES ACT OF 1933

**JURY TRIAL DEMANDED**

Plaintiffs Timothy Slyne and Tai Slyne, on behalf of themselves and all others similarly situated, allege the following based upon personal knowledge as to their own acts and upon information and belief as to all other matters in reliance upon the investigation conducted by and through counsel, which included, among other things, a review of filings by Athira Pharma, Inc., (“Athira” or the “Company”) with the U.S. Securities and Exchange Commission (“SEC”), publicly available news and security analyst reports concerning Athira and the historic market

prices of Athira common stock. Plaintiffs believe substantial additional evidentiary support exists for the allegations set forth herein and can be obtained after reasonable opportunity for discovery.

### **I. NATURE OF THE ACTION**

1. Plaintiffs bring this securities class action on behalf of all persons who purchased common stock of Athira in or traceable to the Company's registration statement issued in connection with the Company's September 2020 initial public offering priced at \$17.00 per share (the "IPO"), seeking to pursue remedies under the Securities Act of 1933, 15 U.S.C. §§ 77a – 77b (the "Securities Act") against Athira, certain of Athira's officers and directors, and the underwriters of the IPO.

2. Athira describes itself as a late clinical-stage biopharmaceutical company focused on developing potential treatments for patients with Alzheimer's disease ("AD"), Parkinson's disease dementia ("PDD") and other central nervous system disorders.

3. The Company's lead product candidate, ATH-1017, is in clinical development for the potential treatment of AD and PDD. The Company's remaining product candidates, including ATH-1018 and ATH-1019, are in nonclinical development. The Company acknowledged that it is impossible to predict when or if any of Athira's product candidates will prove to be effective and safe in humans or will receive regulatory approval.

4. As of the IPO, the Company had not generated any revenue from product sales and the Company's product candidates required substantial additional investment before any product could provide the Company with any revenue.

5. On August 26, 2020, the Defendants caused Athira to file a Form S-1 for registration of securities under the Securities Act. The Athira Form S-1 was thereafter amended on September 8, 14 and 17, 2020. The Registration Statement became effective September 17, 2020 at 4:00 P.M.

6. On June 17, 2021, Athira disclosed in a press release that Athira placed the Company's Chief Executive Officer, President and Board member, Leen Kawas, on leave pending

1 a review of actions stemming from Kawas' doctoral research at Washington State University and  
2 that Chief Operating Officer, Dr. Mark Litton, would assume day-to-day leadership  
3 responsibilities for the Company. The press release further stated that Athira formed an  
4 independent special committee of the Board to undertake the review and that the Company did not  
5 intend to comment further until the special committee completed its review.

6 7. According to the scientific publication *STAT*, Dr. Kawas was placed on leave amid  
7 allegations of altered images in her research papers while she was a Ph.D. student at Washington  
8 State University. *STAT* reported on June 17, 2021, that the investigation involves alleged altered  
9 images in four separate papers on which Dr. Kawas was lead author. Images of Western blots,  
10 used to determine the presence of specific proteins in biological samples, look as though they have  
11 been altered from their original state according to two image experts who spoke with *STAT*.

12 8. On June 18, 2021, Dow Jones reported that Washington State University said it has  
13 undertaken a review of claims of potential research misconduct involving research conducted by  
14 Kawas. Washington State said it is conducting its inquiry into the issue in accordance with  
15 executive policy that governs how the institution responds to allegations of research misconduct.

16 9. On June 20, 2021, Puget Sound Business Journal reported that Elisabeth Bik, an  
17 independent consultant with a doctorate in microbiology, who specializes in finding potential  
18 errors in images from published research, found that the same image results seem to be used in  
19 different experiments in Kawas' research. At least one of them is wrong," Bik said. "Maybe they  
20 ran the experiment and the results were not as expected, or maybe they didn't run the experiment  
21 at all."

22 10. On June 18, 2021, Athira shares plummeted 39% to \$11.15, well below the \$17.00  
23 IPO price, after the Company disclosed that its Board decided to place Chief Executive Kawas on  
24 leave pending a review of actions stemming from research Dr. Kawas conducted while at  
25 Washington State University.  
26

1 11. As a clinical-stage biopharmaceutical company yet to bring a product to market,  
2 trust in Athira management is imperative.

3 12. None of the problematic issues with Kawas' research were disclosed in the Athira  
4 Registration Statement or Prospectus.

## 5 **II. JURISDICTION AND VENUE**

6 13. The claims asserted herein arise under and pursuant to §§ 11 and 15 of the Securities  
7 Act [15 U.S.C. §§77k, 77l(a)(2) and 77o].

8 14. This Court has jurisdiction over this action pursuant to § 22 of the Securities Act,  
9 [15 U.S.C. §77v], and 28 U.S.C. § 1331.

10 15. Venue is properly laid in this District pursuant to § 22 of the Securities Act, and 28  
11 U.S.C. § 1391(b) and (c). The acts and conduct complained of herein occurred in substantial part  
12 in this District.

13 16. In connection with the acts and conduct alleged in this Complaint, Defendants,  
14 directly or indirectly, used the means and instrumentalities of interstate commerce, including the  
15 mails and telephonic communications and the facilities of the NASDAQ.

## 16 **III. PARTIES**

### 17 **A. The Plaintiffs**

18 17. Plaintiff Timothy Slyne purchased Athira common stock in or traceable to the IPO  
19 as set forth in his certification attached hereto as Exhibit A and was damaged thereby.

20 18. Plaintiff Tai Slyne purchased Athira common stock in or traceable to the IPO as  
21 set forth in her certification attached hereto as Exhibit B and was damaged thereby.

### 22 **B. The Company Defendant**

23 19. Defendant Athira Pharma, Inc. is incorporated under the law of the state of  
24 Delaware and maintains its principal executive office at 18706 North Creek Parkway, Suite 104,  
25 Bothell Washington 98011. After its IPO, shares of Athira common stock trade on the Nasdaq  
26 Global Select Market under the trading symbol "ATHA."

**C. The Director and Officer Defendants**

20. Defendant Leen Kawas, Ph.D. (“Kawas”) has served as the Company’s chief executive officer and as a member of its board of directors since January 2014. Prior to 2014, Kawas served as the Company’s vice president. According to Athira’s Registration Statement, Kawas earned a Ph.D. in molecular pharmacology from Washington State University in 2011 and a pharmacy degree from the University of Jordan in 2008.

21. Defendant Glenna Milesen (“Milesen”) has served as the Company’s chief financial officer since October 2015. Before she served as the Company’s chief financial officer, Milesen provided outsourced financial management services to Athira as a partner at B2B CFO Partners LLC.

22. Defendant Tadataka Yamada, M.D., (“Yamada”) has served on the Company’s board of directors since June 2019 and as the chair of the Company’s board of directors since January 2020. Yamada is also a venture partner at Frazier Healthcare and co-founder of, and currently serves on the board of directors for, Phathom Pharmaceuticals, Passage Bio, Scout Bio, and Outpost Medicine. Yamada also serves on the board of directors of Agilent Technologies, Inc., as board of directors’ chair at the Clinton Health Access Initiative and is a member of the Council of the National Academy of Medicine. Yamada is also a fellow of the Imperial College of Medicine, a master of the American College of Physicians, a fellow of the Royal College of Physicians, a member of the American Academy of Arts and Sciences and a past-president of the American Gastroenterological Association and the Association of American Physicians. Previously, Yamada held executive leadership roles at Takeda Pharmaceuticals, the Bill and Melinda Gates Foundation, GlaxoSmithKline, and at the University of Michigan in Ann Arbor. Yamada received his M.D. from New York University School of Medicine in 1971.

23. Defendant Joseph Edelman (“Edelman”) has served on the Company’s board of directors since May 2020. Edelman is founder, chief executive officer, and portfolio manager of Perceptive Advisors. Prior to founding Perceptive Advisors, Edelman was a senior analyst at Aries

1 Fund, a Paramount Capital Asset Management biotechnology hedge fund, from 1994 through  
2 1998. Prior to that position, Edelman was a senior biotechnology analyst at Prudential Securities  
3 from 1990 to 1994. Edelman started his career in the healthcare sector of the securities industry as  
4 a biotechnology analyst at Labe, Simpson from 1987 to 1990. Mr. Edelman earned an M.B.A.  
5 from New York University in 1986 and a B.A., magna cum laude, in psychology from the  
6 University of California San Diego in 1978.

7 24. Defendant John M. Fluke, Jr. (“Fluke”) has served on the Company’s board of  
8 directors since December 2014. Fluke is chairman of Fluke Capital Management, L.P., which he  
9 founded in 1976, and was chairman and chief executive officer of the John Fluke Manufacturing  
10 Co. until 1990. Fluke previously served on the boards of PACCAR Inc., CellCyte Genetics  
11 Corporation, Cell Therapeutics, Primus International, and American Seafoods Group. Fluke is a  
12 current trustee of the Greater Seattle Chamber of Commerce (formerly serving as its chairman)  
13 and previously served as chairman of the Washington State China Relations Council and a trustee  
14 emeritus of the Museum of Flight. Fluke also previously served as chairman of the Washington  
15 Technology Center at the University of Washington, an organization responsible for managing  
16 technology transfers from public universities in Washington state to the private sector for  
17 commercialization. Fluke earned an M.S. in electrical engineering from Stanford University in  
18 1966 and a B.S. in electrical engineering from the University of Washington in 1964.

19 25. Defendant James A. Johnson (“Johnson”) has served on the Company’s board of  
20 directors since August 2020. Johnson previously served as the chief financial officer of Nohla  
21 Therapeutics, a cell therapy company. Prior to Nohla, Johnson served for five years as the chief  
22 financial officer of NanoString Technologies, a publicly held provider of life science tools for  
23 translational research and molecular diagnostics. During his tenure as chief financial officer at  
24 NanoString, Johnson oversaw strategic and corporate finance activities from private stage through  
25 the company’s initial public offering and additional rounds of financing, marking the third initial  
26 public offering in his career as a chief financial officer. Prior to joining NanoString, Johnson served

1 as chief financial officer of Relypsa, Inc., a clinical-stage biopharmaceutical company. Prior to  
 2 Relypsa, Johnson served for nearly 10 years as chief financial officer of ZymoGenetics, Inc., until  
 3 the company was acquired by Bristol-Myers Squibb in October 2010. Previously, Johnson served  
 4 for seven years as chief financial officer of Targeted Genetics Corporation (now Armata  
 5 Pharmaceuticals) and as Vice President of Finance at Immunex Corporation during its evolution  
 6 from product development to commercial operations. Johnson received a B.A. in business  
 7 administration from the University of Washington in 1979.

8 26. Defendants Kawas, Milesen, Yamada, Edelman, Fluke, and Johnson are signers of  
 9 the Registration Statement pursuant to the Securities Act and are referred to collectively as the  
 10 Director and Officer Defendants.

#### 11 **D. The Underwriter Defendants**

12 27. Defendant Goldman Sachs & Co. L.L.C. (“Goldman”) maintains its principal  
 13 executive offices at 200 West Street New York, NY 10282 and offers investment banking,  
 14 securities, asset management, capital market, valuation, bonds, funds, financial analysis,  
 15 investment strategies, and advisory services. Defendant Goldman agreed to purchase 5,100,000  
 16 shares in the IPO. Defendant Goldman agreed to purchase 5,100,00 shares in the IPO.

17 28. Defendant Jefferies L.L.C. (“Jefferies”) is a wholly owned subsidiary of Jefferies  
 18 Group L.L.C. Jefferies provides investment banking services including securities underwriting.  
 19 Jefferies maintains its principal executive offices at 520 Madison Avenue, 11<sup>th</sup> Floor, New York,  
 20 NY 10022. Defendant Jeffries agreed to purchase 3,960,000 shares in the IPO.

21 29. Defendant Stifel, Nicolaus & Company, Incorporated (“Stifel”) is a wholly owned  
 22 subsidiary of Stifel Financial Corp. and maintains its principal executive offices at 501 N  
 23 Broadway, Saint Louis, MO, 63102. Stifel provides services such as investment banking and  
 24 securities underwriting. Defendant Stifel agreed to purchase 1,980,000 shares in the IPO.

25 30. Defendant JMP Securities L.L.C (“JMP”) is a wholly owned, indirect subsidiary of  
 26 JMP Group L.L.C. and maintains its principal executive offices at 600 Montgomery Street, Suite

1 1100, San Francisco 94111. JMP is a middle-market investment bank and provides an array of  
 2 financial services including securities underwriting. Defendant JMP agreed to purchase 960,000  
 3 shares in the IPO.

4 31. Goldman, Jefferies, Stifel and JMP are referred to collectively as the Underwriter  
 5 Defendants. The Underwriter Defendants' failure to conduct adequate due diligence in connection  
 6 with the IPO and the preparation of the Registration Statement was a substantial factor leading to  
 7 the harm complained of herein.

#### 8 IV. THE IPO

9 32. In September 2020, Athira completed an initial public offering of its common stock.  
 10 As part of the IPO, Athira issued and sold 12,000,000 shares of its common stock at a public  
 11 offering price of \$17.00 per share. The Company received net proceeds of approximately \$186.4  
 12 million from the IPO, after deducting underwriting discounts and commissions of \$14.3 million  
 13 and offering costs of approximately \$3.3 million. In October 2020, Athira sold an additional  
 14 1,397,712 shares of common stock to the Underwriter Defendants upon partial exercise of the  
 15 underwriters' option to purchase additional shares at the initial public offering price of \$17.00 per  
 16 share, less underwriting discounts and commissions, and offering costs of approximately \$1.7  
 17 million resulting in net proceeds to the Company of approximately \$22.1 million.

#### 18 V. SUBSTANTIVE ALLEGATIONS

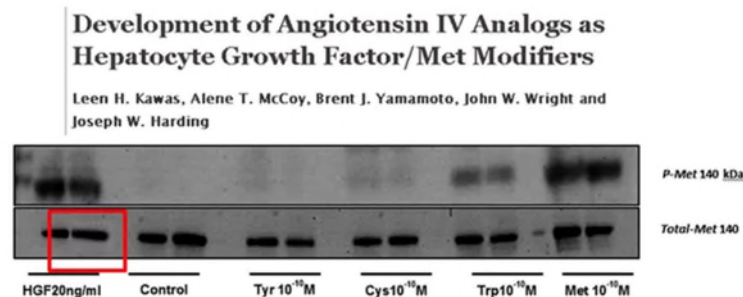
19 33. On June 17, 2021, after the close of the markets, the Company announced via *Globe*  
 20 *NewsWire*, that Athira's President and CEO, Dr. Leen Kawas, would be placed on temporary leave  
 21 and her executive duties would be assumed by Chief Operating Officer Dr. Mark Litton. The reason  
 22 given by the Company for this rash move was to provide time for an "independent" Special  
 23 Committee of the Board to undertake a review of allegations related to the accuracy and  
 24 truthfulness of Dr. Kawas' reporting on both her research performed in connection with her PhD  
 25  
 26



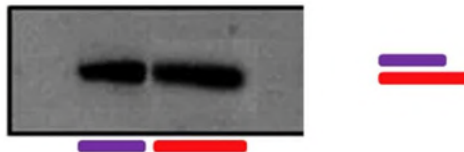
dissertation that she presented, as well as related to other academic papers that she authored or co-authored, while at Washington State University.<sup>1</sup>

34. According to an article dated June 17, 2021 in the scientific news publication *STAT*, posted after the above announcement, the allegations against Dr. Kawas center around “altered images in four separate papers” on which Dr. Kawas was the lead author: “Images of Western blots, used to determine the presence of specific proteins in biological samples, look as though they’ve been altered from their original state, according to two image experts who spoke with *STAT*.” Olivia Goldhill, *Athira Pharma CEO Placed on Leave Amid Allegations of Altered Images in Her Research Papers*, *STAT* (June 17, 2021) (attached as Exhibit C)

35. As early as June of 2016, a comment had been posted on the academic article website *PubPeer* regarding one of Kawas’s academic papers. The comment questions an anomaly in an image related to Kawas’ results which appears to have been modified:<sup>2</sup>



**Figure 4: Why is there a light colored box surrounding this result?  
Why is only the result in the box longer than other bands?**



<sup>1</sup> Press Release, Athira Pharma, *Athira Pharma Chief Operating Officer, Mark Litton, Assumes Day-to-Day Leadership Responsibilities of Company* (June 17, 2021), <https://www.globenewswire.com/news-release/2021/06/17/2249351/0/en/Athira-Pharma-Chief-Operating-Officer-Mark-Litton-Assumes-Day-to-Day-Leadership-Responsibilities-of-Company.html>

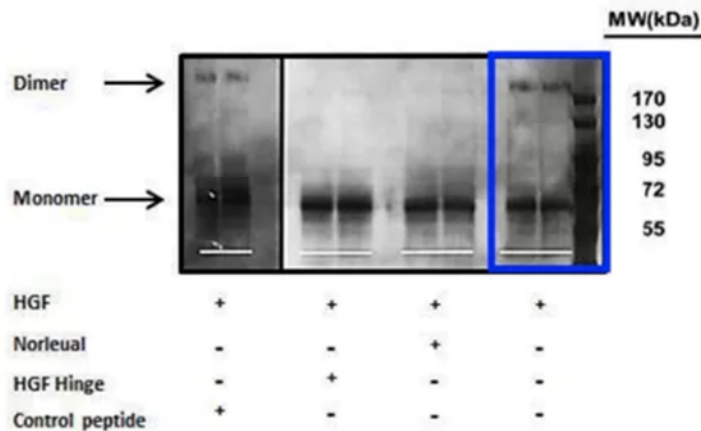
<sup>2</sup> PubPeer, Comment #1 Peer 1, <https://pubpeer.com/publications/22129598> (last visited June 25, 2021)

36. A subsequent commentor agreed, that the image appears to have been modified and pointed out that the image was from Dr. Kawas' PhD dissertation.

37. Subsequently, as found on PubPeer<sup>3</sup>, Dr. Elisabeth Bik, an independent consultant who specializes in finding potential errors in images from published research, also addressed Dr. Kawas' work. Dr. Bik pointed out another anomalous image that appears to be a result of bad experimentation practice:

Although the labels suggests these samples might have been treated similarly, it seems not quite good practice to include lanes from a different gel run on a different day. As can be seen from the comparison of the two gels, the 'monomer' bands form a single thick band in one gel, but run more like a double band in the second gel, suggesting the gel conditions might have been different. Can the authors please comment on the experimental conditions?

A. *Leen H Kawas et al., DOI: 10.1124/jpet.111.185694*  
Figure 2A



38. In an interview with the *Puget Sound Business Journal* following Dr. Kawas's suspension, Dr. Bik noted other problematic practices employed by Dr. Kawas, including using the same image results for different experiments. "At least one of them is wrong... Maybe they

<sup>3</sup> *Id.* at Comment #4

ran the experiment and the results were not as expected, or maybe they didn't run the experiment at all."<sup>4</sup>

39. On June 18, 2021, in an article in online news publication "The Fly:" "Stifel analyst Paul Matteis said the news 'comes as a big surprise' and that he doesn't 'really know how to process this development,' which is an 'impossible situation to really vet.' While he is refraining from drawing any firm conclusions for now and has a Buy rating on Athira shares, Matteis acknowledges that the investigation 'could have clear negative implications' for how he and investors view ATH-1017 and/or management credibility."<sup>5</sup>

40. Despite the above disclosures, only coming to light in the investor community now, Defendant Kawas is touted repeatedly in the Registration Statement, as "our founder and chief executive officer, [who] has been essential in creating our innovating translational development strategy." (See Athira Pharma, Inc., *Registration Statement* 8 (Form S-1/A) (Sept. 17, 2020). and further "We believe Dr. Kawas's scientific and professional training, her instrumental role in building Athira Pharma, Inc., and her extensive understanding of our business, operations and strategy qualify her to serve on our board of directors." *Id* at page 152.

41. The above statements regarding Dr. Kawas casting her only in a positive light, are materially false and misleading. Most significantly, the Defendants in the Registration Statement completely conceal and materially omit any mention of the truth, namely that Dr. Kawas repeatedly falsified images in her scientific research or at best had been accused of falsifying her research as early as June 2016. In fact, the Registration Statement and Prospectus lists "risk factors" for investors in a substantial section containing over thirty pages of risks to business success and investor revenue, but omits the critical risk stemming from Dr. Kawas's alleged falsifications. *See* Registration Statement & Prospectus at p.17–75.

<sup>4</sup> Rick Morgan, *Questions Around Athira CEO's Research Began to Surface in 2016*, Puget Sound Business Journal (June 20, 2021), <https://www.bizjournals.com/seattle/news/2021/06/20/athira-ceo-2016-research.html>

<sup>5</sup> The Fly, *Athira Pharma CEO Leave Situation 'Impossible to Really Vet,' Says Stifel* (June 18, 2021), <https://thefly.com/landingPageNews.php?id=3322878&headline=ATHA-Athira-Pharma-CEO-leave-situation-impossible-to-really-vet-says-Stifel> (last visited June 25, 2021)

42. As stated in the *STAT* article, “the papers [containing the altered images] are foundational to Athira’s efforts to treat Alzheimer’s and are cited in a patent licensed by Athira. Kawas, who co-founded Athira, is described as a co-inventor in the patent.” Further, according to *STAT*, “Kawas’ doctoral work laid the biological groundwork that Athira continues to use in its approach to treating Alzheimer’s, neuroscientist George Perry of the University of Texas at San Antonio, told *STAT*: ‘They are foundational basic science.’” *See Goldhill, supra*.

43. Washington State University, where Kawas conducted her research, has begun an inquiry into the images. Spokesperson Phil Weiler, in an email to *STAT* prior to the publication of the article stated, “Washington State University takes claims of research misconduct very seriously.” Washington State University owns the intellectual property for discoveries that are based on research conducted at the university. The university therefore owns equity in the company and stands to profit from Athira’s work. *Id.*

44. Further, according to the *STAT* article, several Alzheimer’s experts have stated that the allegedly altered images call into question the validity of the entire studies Dr. Kawas conducted at Washington State University. Dr. Perry, quoted above in paragraph 42, said that if the Western blots are inaccurate, then the whole study must be redone. “If there is a question about key data, all must be questioned,” he said. *Id.*

45. The defendants’ omission to disclose the existence of the facts alleged above pertaining to Dr. Kawas rendered the Registration Statement Prospectus materially false and misleading.

## VI. CLASS ACTION ALLEGATIONS

46. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of the Class defined as:

All persons or entities who purchased Athira common stock pursuant or traceable to the IPO and were damaged thereby.

1 Excluded from the Class are defendants herein, members of the immediate families of each of the  
2 defendants, any person, firm, trust, corporation, officer, director, or other individual or entity in  
3 which any defendant has a controlling interest or which is related to or affiliated with any  
4 defendant, and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns  
5 of any such excluded party.

6 47. The members of the Class are so numerous that joinder of all members is  
7 impracticable. Athira stock was extensively traded following the September IPO. The precise  
8 number of Class members is unknown to plaintiffs at this time but upon information and belief  
9 number at least one hundred. In addition, the names and addresses of the Class members can be  
10 ascertained from the books and records of Athira or its transfer agent. Notice can be provided to  
11 such record owners by a combination of published notice and first-class mail, using techniques  
12 and a form of notice similar to those customarily used in class actions arising under the federal  
13 securities laws.

14 48. Plaintiffs will fairly and adequately represent and protect the interests of the  
15 members of the Class. Plaintiffs have retained competent counsel experienced in class action  
16 litigation under the federal securities laws to further ensure such protection and intend to prosecute  
17 this action vigorously.

18 49. Plaintiffs' claims are typical of the claims of the other members of the Class  
19 because plaintiffs' and all the Class members' damages arise from and were caused by the same  
20 false and misleading representations made by or chargeable to defendants. Plaintiffs do not have  
21 any interests antagonistic to, or in conflict with, the Class.

22 50. A class action is superior to other available methods for the fair and efficient  
23 adjudication of this controversy. Since the damages suffered by individual Class members may be  
24 relatively small, the expense and burden of individual litigation make it virtually impossible for  
25 the Class members to seek redress for the wrongful conduct alleged. Plaintiffs know of no  
26

1 difficulty that will be encountered in the management of this litigation that would preclude its  
2 maintenance as a class action.

3 51. Common questions of law and fact exist as to all members of the Class and  
4 predominate over any questions solely affecting individual members of the Class. Among the  
5 questions of law and fact common to the Class are:

6 a) whether the federal securities laws were violated by defendants' acts as  
7 alleged herein;

8 b) whether statements made by defendants in the prospectus prior to Athira's  
9 public offerings of stock were materially false and misleading;

10 c) whether the price of Athira common stock was artificially inflated as a result  
11 of the false and misleading statements; and

12 d) the extent of injuries sustained by members of the Class and the appropriate  
13 measure of damages.

14 **FIRST CLAIM FOR RELIEF**

15 **For Violation of § 11 of the Securities Act Against the Office and Director Defendants and**  
16 **the Underwriter Defendants**

17 52. Plaintiffs incorporates the allegations set forth in ¶¶ 1–51 above as though fully set  
18 forth herein. For purposes of this Claim, plaintiffs exclude allegations that could be construed as  
19 alleging fraud or intentional misconduct, as this Claim is based solely on claims of strict liability  
20 and/or negligence.

21 53. This Claim is brought pursuant to § 11 of the 1933 Act, 15 U.S.C. § 77k, against  
22 all defendants.

23 54. The Athira Registration Statement was materially false and misleading in that it  
24 omitted to state material facts required to be stated therein, contained untrue statements of material  
25 facts, and/or omitted to state facts necessary to make the statements made therein not misleading.  
26

1           55.     The Defendants named herein owed to the Class members who acquired Athira  
2 common stock pursuant and/or traceable to the public offerings the duty to make a reasonable and  
3 diligent investigation of the statements contained in the Registration Statement. The defendants  
4 named herein did not conduct a reasonable investigation and did not possess reasonable grounds  
5 for believing that the statements made in the prospectus were not false and/or misleading. Had  
6 defendants exercised reasonable care, they would have known of the material misstatements and  
7 omissions alleged herein.

8           56.     Plaintiffs and members of the Class acquired the securities issued in connection  
9 with the public offerings and/or traceable to the public offerings. As a direct and proximate result  
10 of the misrepresentations and/or omissions described in this claim, plaintiffs and members of the  
11 Class suffered substantial damage in connection with their acquisition of the securities described  
12 in herein. As a result of the conduct herein alleged, each defendant named above violated § 11 of  
13 the 1933 Act.

14           57.     At the time of their acquisition of the securities issued in connection with the Athira  
15 public offerings, plaintiffs and other members of the Class were not aware of the untrue statements  
16 and/or omissions alleged herein and could not have reasonably discovered such untruths or  
17 omissions before September 18, 2020. Less than one year elapsed from the time that plaintiffs  
18 discovered or reasonably could have discovered the facts upon which this Complaint is based to  
19 the time that plaintiffs filed this complaint. Less than three years elapsed between the time that  
20 the securities upon which this Claim is brought were offered to the public and the date the action  
21 was commenced.  
22  
23  
24  
25  
26

**SECOND CLAIM FOR RELIEF**

**For Violation of § 15 of the Securities Act Against the Office and Director Defendants and the Underwriter Defendants**

58. Plaintiffs incorporates ¶¶1–57 above as though fully set forth herein. For purposes of this Claim, plaintiffs expressly exclude allegations that could be construed as alleging fraud or intentional misconduct.

59. This Claim is brought pursuant to § 15 of the 1933 Act, 15 U.S.C. § 77o, against defendants.

60. Each of the Director and Officer Defendants, as among other things, signers of the Registration Statement, exercised control directly and indirectly over Athira in connection with the violations of the 1933 Act claims asserted herein, including the preparation and dissemination of the Registration Statement and prospectus.

61. Each of the Underwriter Defendants through their participation in the preparation of the Registration Statement and prospectus and conducting the IPO exercised control directly and indirectly over Athira in connection with the violations of the 1933 Act claims asserted herein.

62. By reason of their status as control persons pursuant to § 15 of the Securities Act, each of the Director and Officer Defendants and Underwriter Defendants is jointly and severally liable for the underlying primary violations of the 1933 Act pursuant to § 11 detailed in described above.

**VII. PRAYER FOR RELIEF**

WHEREFORE, plaintiffs pray for judgment as follows:

A. Declaring this action to be a class action properly maintained pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure and certifying plaintiffs as Class Representatives, and Longman Law, P.C. and Keller Rohrbach, L.L.P. as Class Counsel;



1 B. Awarding compensatory damages in favor of plaintiffs and other members of the  
2 Class against all defendants jointly and generally for all damages sustained as a result of  
3 defendants' wrongdoing in an amount to be proven at trial, together with pre-judgment interest;

4 C. Awarding plaintiffs and other members of the Class their costs and expenses of  
5 this litigation, including reasonable attorneys' fees, accountants' fees, and experts' fees, and  
6 other costs and disbursements; and

7 D. Awarding plaintiffs and other members of the Class injunctive and other equitable  
8 relief, including rescission, as appropriate, in addition to any other relief that is just and proper  
9 under the circumstances.

10 **VIII. JURY DEMAND**

11 Plaintiffs hereby demand a trial by jury.

12  
13 DATED: June 24, 2021

Respectfully submitted,

14 By: s/ Juli E. Farris

15 Juli Farris, WSBA #17593

16 KELLER ROHRBACK, LLP

1201 Third Avenue, Suite 3200

Seattle, WA 98101

17 Tel: (206) 623-1900

18 Fax: (206) 623-3384

jfarris@kellerrohrback.com

19 Howard T. Longman

20 LONGMAN LAW, P.C.

354 Eisenhower Pkwy., Suite 1800

21 Livingston, New Jersey 07039

22 Tel: (973) 994-2315

23 Fax: (973) 994-2315

hlongman@longman.law

24 *Attorneys for Plaintiffs*